



2001 Report to the General Assembly

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Tennessee Division of Consumer Affairs

Mission Statement Purpose and Duties

**To Serve and Protect Consumers From Unfair or Deceptive
Business Practices**

Mediation

The Division mediated more than 5,000 written complaints in 2001, including all written inquiries and business files. Consumers recovered a new single year record \$7,390,043 because of the intervention of the Division. During the calendar years 1997 through 2001, the Division returned \$14,166,042 to consumers, a new five-year record.

The top five complaint categories in 2001 were: Debtor/Creditor, Utilities, Internet Online Auctions, Auto Repair and Home Improvement.

The Division also acts as a clearinghouse for complaints. The Division works closely with the state's Regulatory Boards, other state and federal agencies and will refer complaints to those agencies that have better avenues of complaint resolution available to them.

This year the Division worked very closely with the Attorney General in leading the settlement agreement with Bridgestone / Firestone and 52 other jurisdictions for consumers. The Division is still heavily involved in monitoring reimbursement and restitution claims for Tennessee consumers. Also, the Division, in conjunction with the Attorney General, responded quickly to alleged price gouging complaints which resulted from the tragedy of September 11. The Division received over 700 reports of price gouging activities, which resulted in over 100 warning letters being sent and one formal action filed.

Education

The Division places a strong emphasis on preventing consumer fraud and complaints through the use of statewide education. In addition to hundreds of media appearances (television, radio, and newspaper), staff members have made speeches and presentations to various groups across the state. The staff solicits speaking engagements (schools, community and civic clubs, social and church groups, senior citizens, etc.) and distributes free printed material upon request. In 2001, the Division provided assistance to more than 70,000 consumers. Many were phone inquiries, for which the Division was able to answer questions, provide advice, and furnish business or product information. The Division's proactive consumer education philosophy prevented Tennessee consumers from wasting millions of dollars on consumer scams. The Division also furthers consumer education through its web site, consumer alerts, and buyer beware list.

Investigation

The investigative powers of the Division are an asset to consumers. The Division is consistently taking a pro-active stance in its protection of consumers by requesting information on any product or service a business sells. Division staff also selectively monitors and attends various meetings, seminars and trade shows for possible violations of the Tennessee Consumer Protection Act.

Litigation

At the request of the Division, the State Attorney General may take legal action against a person or business for a violation of the Consumer Protection Act. In 2001, twenty formal actions were completed against businesses and persons on behalf of the Division, resulting in settlements totaling \$10,772,960. Payments totaling \$606,462 were contributed to the state's general fund. Other 2001 actions remain pending.

Additionally, the Division cooperates with and assists the U. S. Department of Justice, the U. S. Postal Service, the Federal Trade Commission, the FBI, the Consumer Product Safety Commission, as well as State District Attorneys.

Registration

The Division's registration section handles the registration of for-profit health clubs, beauty pageant operators and registration of bonds for Credit Repair companies. Health club and beauty pageant operator registrations brought in \$36,100 to the general fund in 2001.

Legislation

The Division is also responsible for suggesting ways to simplify, clarify and modernize state laws, which govern the protection of consumers and legitimate businesses. By researching consumer protection laws in other states and monitoring changes in Federal laws, the Division is able to keep abreast of any new ideas or trends in consumer protection to better serve Tennesseans.

Complaints by County

Anderson 32	DeKalb 5	Henry 12	McMinn 16	Stewart 7
Bedford 13	Dickson 18	Hickman 9	McNairy 8	Sullivan 80
Benton 7	Dyer 14	Houston 7	Monroe 17	Sumner 96
Blount 48	Fayette 10	Humphreys 9	Montgomery 65	Tipton 27
Bradley 29	Fentress 6	Jackson 3	Morgan 5	Trousdale 5
Campbell 10	Franklin 11	Jefferson 24	Obion 7	Unicoi 10
Cannon 10	Gibson 15	Johnson 3	Overton 10	Union 4
Carroll 4	Giles 10	Knox 212	Pickett 2	Van Buren 2
Carter 21	Grainger 6	Lake 2	Polk 1	Warren 18
Cheatham 22	Greene 30	Lauderdale 10	Putnam 49	Washington 52
Chester 4	Grundy 6	Lawrence 11	Rhea 9	Wayne 4
Claiborne 11	Hamblen 24	Lewis 3	Roane 27	Weakley 10
Clay 3	Hamilton 136	Lincoln 10	Robertson 36	White 24
Cocke 6	Hancock 1	Loudon 22	Rutherford 119	Williamson 98
Coffee 27	Hardeman 12	Macon 4	Scott 2	Wilson 64
Crockett 7	Hardin 9	Madison 43	Sequatchie 3	
Cumberland 32	Hawkins 15	Marion 7	Sevier 45	
Davidson 587	Haywood 1	Marshall 15	Shelby 413	
Decatur 7	Henderson 10	Maury 46	Smith 7	

Complaint Categories and Descriptions

Debtor/Creditor

605 complaints

Billing practices, credit discrimination, garnishment of wages, collection agencies, credit reporting services, credit repair, loans, loan brokers, credit cards (“gold” cards, secured, fraudulent), debt consolidation, banks, checking accounts, insufficient check charges, repossessions, and application of all federal lending, collection, reporting and billing laws.

Utilities

441 complaints

Service or billing practices of water, electric, phone, gas, and cable companies and regulatory questions.

Internet On-Line Auctions

336 complaints

Problems with receipt and quality of items purchased through internet auctions.

Auto Repair

277 complaints

Servicing new and used cars, body work, paint jobs, regular maintenance including dealerships, service stations, independents, and chain specialty shops.

Home Improvements

261 complaints

Includes the quality of work, the workmanship, quality of materials, and incomplete work done to improve, repair, or change a house or structure, including roofing, sun porches, flooring, landscaping, carpeting, driveway resealing, window and siding replacement.

Mail Order

252 complaints

Merchandise not received, poor quality merchandise, refusal to refund, gross misrepresentation (quality, size, function, etc.), returns, unauthorized shipments and billings; also includes problems with television offers, infomercials and home shopping networks.

Insurance **162 complaints**

Complaints about insurance sales, claims, lapsed coverage, cancellations, deceptive practices of agents, slow payment of claims, disputes with repair contractors.

Business Opportunities **154 complaints**

Work at home schemes, chain letters, pyramids, multi-level business investments, franchises, distributorships, vending machine routes; various get-rich-quick schemes.

Used Car Sales **145 complaints**

Problems with policies, practices or techniques in selling used cars; clearing up the misconception that consumers have three days to return a car; explaining “as is” warranties, odometer tampering, detailing (making a used car look deceptively good).

Health Services and Products **143 complaints**

Various problems with the quality of treatment from the medical profession, including eyeglasses, hearing aids, dentures, prostheses and billing disputes.

Travel and Transportation **125 complaints**

Problems relating to conditions and services of hotels, motels and cabins, including reservation problems, false advertising, and complaints against airlines.

Civil Actions **101 complaints**

Records of private lawsuits filed under the Consumer Protection Act; may involve any of these categories.

Computers **78 complaints**

Problems with computers, software, and parts; technical problems with equipment and back-up support from companies.

Telemarketing **76 complaints**

Problems with non-compliance of telemarketers relating to the Do Not Call list policy and deceptive telemarketing activities.

Landlord/Tenant**74 complaints**

Problems with rental property; repairs not made, security deposits, invasion of privacy, wrongful evictions; includes application of Landlord/Tenant laws in Tennessee.

Service Contracts**72 complaints**

Problems with extended warranties; includes maintenance disputes, coverage questions, and problems when the company goes out of business leaving the consumer with no protection.

Lemon Law**68 complaints**

Includes questions about qualifications for lemon law status, advising manufacturer of non-conformity, pursuing information on arbitration, enforcing the law through private court action.

Home Appliances**65 complaints**

Small and large appliances, dishes, cookware, home furnishings and draperies, repairs, warranties, and service contracts on these items.

Advertising**59 complaints**

Deceptive or false advertising in print or electronic media; includes coupon offers, “bait and switch” techniques, inflated claims, insufficient inventory, false billing techniques (i.e. “Yellow Page” solicitations), “going out of business” sales, rain checks, return policies.

Resorts and Campgrounds**58 complaints**

Problems with campgrounds, resorts, and timeshares; includes selling techniques and promotions leading one to believe he/she has won a prize or a mini vacation; gimmicks to get consumers to attend sales presentations; also, consumers told of resale programs that do not exist or maintenance fees that cannot increase when the contract says differently.

Home Furnishings**56 complaints**

Home furnishings and draperies; repairs, warranties, and service contracts on these items only.

Business Files**53 complaints**

Individual files on businesses are kept as the Division receives correspondence, brochures, promotional material, news clips, etc.

Magazine Subscriptions**53 complaints**

Problems with undelivered or overpriced subscriptions, especially those involved with special promotions and causes, usually solicited over the telephone.

Mobile Homes**44 complaints**

Problems with manufactured homes; sales, construction, and guarantees.

New Car Sales**41 complaints**

Problems dealing with selling practices or techniques concerning the sale of a new car; questions on financing, rebates, dealer's invoice, extras, trade-ins, additional charges; explaining that consumers do not have three days to return a car.

Professional Services**36 complaints**

Problems involving attorneys, accountants, and other professional services.

Home Electronics**32 complaints**

Purchases or repairs involving TV's, stereos, VCR's, answering machines, video cameras, and other consumer electronics.

Promotions and Contests**29 complaints**

Sweepstakes, contests, prize offers stating "You have won" or "have been selected to receive," contests with entry fees or purchase requirements, prizes that don't live up to their descriptions, such as "free" vacations, worthless gifts or prizes that were not in compliance with State law.

Real Estate**28 complaints**

Consumer problems with land sales, real estate, and home mortgage companies (i.e. sellers' refusal to give refund), etc.

Health Clubs**25 complaints**

For-profit health club facilities, services and memberships; sales practices, cancellation rights, contract violations, and any other non-compliance with Tennessee's Health Club Law.

Auto Leasing**24 complaints**

Problems involving leased cars and their contracts, false claims, oral promises misconceptions about price.

Moving and Storage**18 complaints**

Services performed by professional moving and/or storage companies.

Unsolicited Fax**16 complaints**

Problems with receiving unsolicited advertisements via fax.

Internet Service Providers**10 complaints**

Problems with providers of in-home internet access.

Schools**9 complaints**

Problems with trade, professional, or other paid instructional services.

Music Industry**8 complaints**

Any problem within the music industry; including recording contracts, publishing houses, contests, demos, songwriter's contracts, etc.

Dry Cleaning**4 complaints**

Problems with dry cleaning facilities; including damaged or lost clothing.

Personal Services**4 complaints**

Includes professional services such as employment agencies, day care centers, dance lessons, barbers/beauticians, attorneys, accountants, cemeteries, funeral homes, modeling agencies, photography studios, moving companies, church directories, towing services, beauty pageants, exterminators, etc.

900 Numbers**3 complaints**

Any pay-per-call number (“entertainment”, information, contests, credit cards, employment, etc), billing problems, questions about “blocks,” unauthorized calls on the phone bill.

Beauty Pageants**1 complaint****Miscellaneous****634 complaints**

Complaints involving consumer product safety, photo finishing, pawn shops, log home packages, pet stores, pet supplies, weight-loss programs, government surplus sales, grocery stores, weights and measures, home solicitation, pager services, dating services, parcel delivery services; virtually every other product or service on the market.

2000 Formal Actions

Formal actions are settlements and litigation brought by the Office of the Attorney General on behalf and request of the Division of Consumer Affairs.

Business	Description
Airport Chevrolet, Inc. d/b/a Airport Chevrolet and Airport Hyundai, formerly known as Bill Heard Memphis, Inc. and formerly d/b/a Bill Heard	Auto dealer allegedly charged consumers for “sales tax” on their contracts but also included the “business tax” in the sales tax monetary amount. Auto dealer also operated promotions allegedly in violation of prize, gift and award statute. Auto dealer also allegedly sold trade ins before transactions were complete. (AVC)
Alexander G. Szynalski, and A. Goen Seminars Institute, Inc.	New Jersey based weight loss seminar that allegedly used misrepresentations to promote its weight loss through hypnosis seminar in violation of the TCPA. (Agreed Final Judgment)
ATC Fitness of Barlett, Inc.	Health club allegedly failed to register as a health club for a period of six months in violation of the Health Club Act. (Agreed Final Judgment)
Bill Heard Chevrolet Corporation Nashville d/b/a Bill Heard Chevrolet and Bill Heard Chevrolet – GEO.	Auto dealer allegedly charged consumers for “sales tax” on their contracts but also included the “business tax” in the sales tax monetary amount. (AVC)
Bridgestone/Firestone, Inc., and Ohio corporation with its principal place of business in Nashville, TN Multistate	Company allegedly violated TCPA with issues associated with tread separation problems with tires they manufactured. (Agreed Final Judgment)
Cape Canaveral Cruise Line Tour and Travel, Inc., and Promotional Travel, Inc. - Multistate	Company allegedly violated state consumer protection statutes and regulations by its manner of promoting and selling vacation packages through both its written materials and its telemarketing presentations. (Agreed Final Judgment)
GECC / Montgomery Ward – Multistate	Multistate settlement involves a company allegedly unlawfully obtaining reaffirmance of debt agreements from consumers that have been in Chapter 7 bankruptcy. (Agreed Final Judgment)

Goodman, Shevin, individually and formerly d/b/a U.S. Payphone Distributors, Inc., a dissolved foreign corporation	Business opportunity company that allegedly made unsubstantiated earnings claims to undercover shoppers in violation of the TCPA. (AVC)
Level Propane Gases, Inc., an Ohio corporation - Multistate	Company allegedly violated consumer protection statutes in its advertising, offering for sale, sale and distribution of liquified petroleum gas (propane) to customers. (AVC)
Nine West Group, Inc. (State of Florida, et al., v.Nine West Group Inc.) – Multistate	Company allegedly participated in resale price maintenance by brokering an agreement with several of its distributors requiring them to only discount shoes within specific windows of time. (Settlement Agreement)
Oxyfresh Worldwide, Inc. Multistate	Oxyfresh allegedly promoted a health-related product called the Easy Quit Smokers Support System, which was a smoking deterrent product and sold on the basis of its unsubstantiated claims in their promotional materials and testimonials. (Agreed Order)
Publishers Clearinghouse Multistate	Company allegedly used deceptive and misleading sweepstakes practices in violation of the TCPA and the prize, gift and award statutes. (Agreed Order and Consent Judgement)
Readers Digest Association, Inc. – Multistate	Company allegedly used misleading and deceptive sweepstakes solicitations methods in violation of the TCPA and the prize, gift and award statutes. (AVC)
SlimAmerica, Inc.	Company allegedly promoted diet pills that will “blast up to 49 pounds off you in 29 days” in violation of the TCPA. (Default Judgement)
Smoley, Ira, individually, Triad Discount Buying Service, Inc., d/b/a Best Price USA and other affiliated companies – Multistate	Company allegedly charged consumers for a buyer’s club, which the consumer did not authorize in violation of the TCPA. The company offered a trial period and if the consumer did not opt out within 30 days they were charged for an annual membership. (Stipulated Final Judgement and Order for Permanent Injunction and Monetary Settlement)
Thompson, Travis and Thompson Enterprises, LLC d/b/a Gold’s Gym of Hickory Hollow	Health club allegedly failed to register as a health club for a period of about two months in violation of the health club act. (Order)
U.S. Payphone Distributors, Inc., a dissolved foreign corporation, and Shevin Goodman, d/b/a U.S. Payphone Distributors, Inc.	Business opportunity company that allegedly made unsubstantiated earnings claims to undercover shoppers in violation of the TCPA. (Agreed Final Judgment)

U.S. Sales Corp. d/b/a United States Purchasing Exchange - Multistate	Company allegedly advertised by direct mail marketing of magazine subscriptions, consumer products and promotional sweepstakes in violation of the TCPA and the prize, gift and award statutes. (AVC)
United Auto Group Memphis II, d/b/a Covington Pike Toyota	Auto dealer allegedly deceived auto buyers into paying additional fees and taxes without full disclosure in violation of the TCPA. (AVC)
Volfit, Inc., Ray Cupp d/b/a Ladies First Fitness of Murfreesboro	Health club allegedly went out of business with no notice within days of signing contracts and accepting cash payments in violation of the health club act. (Default Judgment)